

Spectrum Portfolio Trading Method

Performance Testing Data - S&P Futures

The following pages contain results of testing the Spectrum Program.

Please understand that these numbers are the results of hypothetical testing and are subject to all of the issues set forth in the disclaimer below.

I have used Portfolio Maximizer from Rina Systems to combine the testing results of the separate contracts. For a more detailed discussion of the use of the various report statistics go to <http://www.rinasystems.com> and follow the links to Portfolio Maximizer.

A few details of the report should be mentioned here.

Adjusted Gross Profit: Total winning trades minus its square root, multiplied by the system's average winning trade dollar amount.

Adjusted Gross Loss: Total losing trades plus its square root, multiplied by the system's average losing trade dollar amount.

Adjusted Net Profit: Adjusted gross profit minus adjusted gross loss.

Select Gross Profit: Total winning trades minus positive outliers.

Select Gross Loss: Total losing trades minus negative outliers.

Select Net Profit: This figure artificially adjusts the system's results by removing all positive and negative outlier trades. The final figure presents a net profit devoid of trades far removed from the normal for the system. Systems that are heavily dependent on outlier trades can have dramatically different net profit results than systems that do not. A trade is considered to be an outlier if its profit or loss is greater than three standard deviations away from the average profit / loss overall. Select Net Profit is a more conservative, pessimistic way of looking at system results.

Drawdown

Drawdown is one of the most important numbers to understand when evaluating system results.

Portfolio Maximizer reports drawdown in two sections of its report.

First, under **Trade Analysis, Maximum Drawdown** is defined as the largest intra-day drawdown experienced by the system on a single closed out trade. This version of drawdown measures the open to the lowest unrealized low of the trade, based on a long position reversed to a short position. It literally represents the largest amount of pain experienced during a trade. In this case, the maximum drawdown refers to the largest unrealized loss experienced by each of the systems trades.

Average Drawdown is the average maximum loss potential of all the trades. This is an extremely important number because it quantifies the systems normal loss potential. The maximum drawdown gives you the worst case scenario. The average, on the other hand, gives a more well rounded perspective on what to expect. The average drawdown is simply an average of each trades individual maximum drawdown.

Under **Equity Summary** the **Max Equity Drawdown** identifies the maximum drawdown for the system over the entire testing period.

Please read and understand the following paragraphs before proceeding

The CFTC requires that we state that - NOTICE: Hypothetical performance results have many different Limitations, some of which are described below. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown. In fact, there are frequently sharp differences between hypothetical performance results and the actual results subsequently achieved by any particular trading program One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk and no

hypothetical trading record can completely account for the impact of financial risk in actual trading.

For example, the ability to withstand losses or adhere to a particular trading program in spite of

trading losses are material points which can also adversely affect actual trading results.

There are

numerous other factors related to the markets in general or to the implementation of any specific

which cannot be fully accounted for in the preparation of hypothetical performance results

and all of which can adversely affect actual trading results.

Futures trading involves the risk of loss.

Past performance is not necessarily indicative of future results.

**Spectrum S&P System - Holds Overnight Positions
Hypothetical Trading Results March 10, 1997 - April 15, 1999**

Portfolio Maximizer - Portfolio Report

John F. Clayburg, Custom TradeStation Programming

System Analysis

Net Profit	\$168,900.00	Open Position(s)	\$0.00
Gross Profit	\$414,087.50	Interest Earned	\$0.00
Gross Loss	(\$245,187.50)	Commission Paid	\$7,725.00
Percent profitable	46.06%	Profit factor	1.69
Ratio avg. win/avg. loss	1.98	Adjusted profit factor	1.04
RINA Index	115.62	Percent in the market	91.09%
Return on Initial Capital	46.92%	Return on Max. Drawdown	3248.08%
Adjusted Net Profit	\$12,691.86	Select Net Profit	\$128,850.00
Adjusted Gross Profit	\$313,120.61	Select Gross Profit	\$374,037.50
Adjusted Gross Loss	(\$300,428.75)	Select Gross Loss	(\$245,187.50)

Trade Analysis

Number of total trades	330	Total stopped trades	262
Average trade	\$511.82	Avg. trade $\pm$ 1 STDEV	\$3,169.70 / (\$2,146.07)
1 Std. Deviation (STDEV)	\$2,657.88	Coefficient of variation	519.30%
Number of winning trades	152	Winning stopped trades	113
Average winning trade	\$2,724.26	Avg. trade $\pm$ 1 STDEV	\$5,058.46 / \$390.06
1 Std. Deviation (STDEV)	\$2,334.20	Coefficient of variation	85.68%
Number of losing trades	178	Losing stopped trades	149
Average losing trade	(\$1,377.46)	Avg. trade $\pm$ 1 STDEV	(\$546.97) / (\$2,207.95)
1 Std. Deviation (STDEV)	\$830.49	Coefficient of variation	60.29%
Run-up			
Maximum Run-up	\$15,225.00	Max. Run-up Date	10/15/98
Average Run-up	\$2,997.27	Avg. trade $\pm$ 1 STDEV	\$5,606.40 / \$388.14
1 Std. Deviation (STDEV)	\$2,609.13	Coefficient of variation	87.05%
Drawdown			
Maximum Drawdown	(\$5,200.00)	Max. Drawdown Date	4/12/99
Average Drawdown	(\$1,223.45)	Avg. trade $\pm$ 1 STDEV	(\$525.05) / (\$1,921.85)
1 Std. Deviation (STDEV)	\$698.40	Coefficient of variation	57.08%
Reward/Risk Ratios			
Net Prft/Largest Loss	32.48	Net Prft/Max Drawdown	32.48
Net Prft/Adj Largest Loss	2.44	Net Prft/Adj Max Drawdown	2.44

Outlier Trades	Total #	Total P/L
Positive outliers	4	\$40,050.00
Negative outliers	0	\$0.00
Total outliers	4	\$40,050.00

Equity Summary

Max. Equity Run-up	\$186,425.00	Max. Equity Run-up Date	3/31/99
Max. Equity Drawdown	(\$13,175.00)	Max. Equity Drawdown Date	3/17/99

Portfolio Maximizer - Portfolio Report

John F. Clayburg, Custom TradeStation Programming

System Analysis

Net Profit	\$138,512.50	Open Position(s)	\$0.00
Gross Profit	\$406,025.00	Interest Earned	\$0.00
Gross Loss	(\$267,512.50)	Commission Paid	\$6,425.00
Percent profitable	51.30%	Profit factor	1.52
Ratio avg. win/avg. loss	1.44	Adjusted profit factor	1.00
RINA Index	111.89	Percent in the market	81.98%
Return on Initial Capital	38.48%	Return on Max. Drawdown	4991.44%
Adjusted Net Profit	(\$498.74)	Select Net Profit	\$104,287.50
Adjusted Gross Profit	\$322,500.87	Select Gross Profit	\$371,800.00
Adjusted Gross Loss	(\$322,999.61)	Select Gross Loss	(\$267,512.50)

Trade Analysis

Number of total trades	423	Total stopped trades	173
Average trade	\$327.45	Avg. trade ±1 STDEV	\$2,393.18 / (\$1,738.27)
1 Std. Deviation (STDEV)	\$2,065.72	Coefficient of variation	630.85%
Number of winning trades	217	Winning stopped trades	43
Average winning trade	\$1,871.08	Avg. trade ±1 STDEV	\$3,559.79 / \$182.38
1 Std. Deviation (STDEV)	\$1,688.70	Coefficient of variation	90.25%
Number of losing trades	206	Losing stopped trades	130
Average losing trade	(\$1,298.60)	Avg. trade ±1 STDEV	(\$523.86) / (\$2,073.35)
1 Std. Deviation (STDEV)	\$774.75	Coefficient of variation	59.66%
Run-up			
Maximum Run-up	\$15,225.00	Max. Run-up Date	10/15/98
Average Run-up	\$1,877.19	Avg. trade ± 1 STDEV	\$3,633.01 / \$121.36
1 Std. Deviation (STDEV)	\$1,755.83	Coefficient of variation	93.54%
Drawdown			
Maximum Drawdown	(\$2,775.00)	Max. Drawdown Date	9/29/98
Average Drawdown	(\$1,137.00)	Avg. trade ± 1 STDEV	(\$477.40) / (\$1,796.59)
1 Std. Deviation (STDEV)	\$659.60	Coefficient of variation	58.01%
Reward/Risk Ratios			
Net Prft/Largest Loss	52.27	Net Prft/Max Drawdown	49.91
Net Prft/Adj Largest Loss	0.19	Net Prft/Adj Max Drawdown	0.18

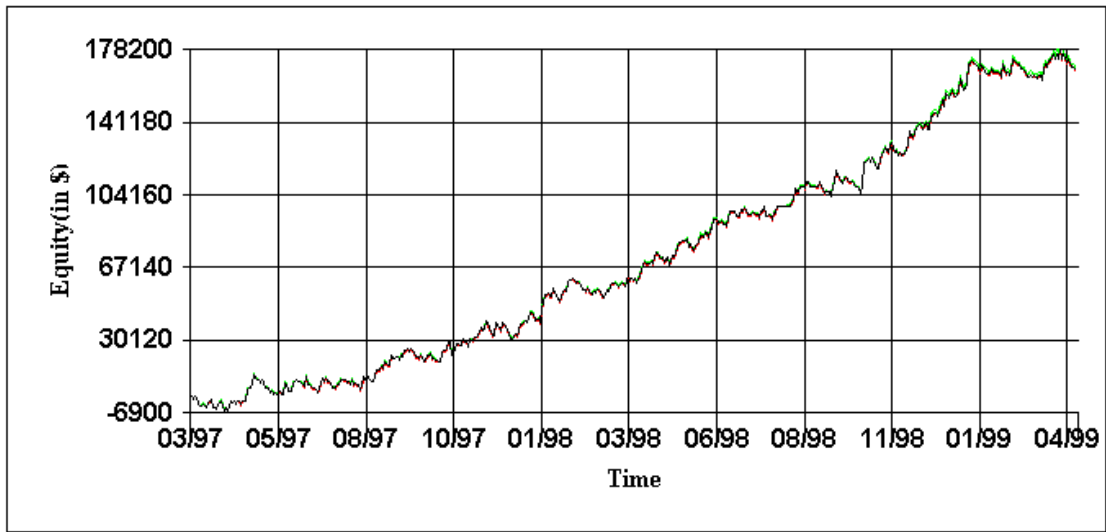
Outlier Trades	Total #	Total P/L
Positive outliers	4	\$34,225.00
Negative outliers	0	\$0.00
Total outliers	4	\$34,225.00

Equity Summary

Max. Equity Run-up	\$146,787.50	Max. Equity Run-up Date	4/12/99
Max. Equity Drawdown	(\$13,950.00)	Max. Equity Drawdown Date	7/16/98

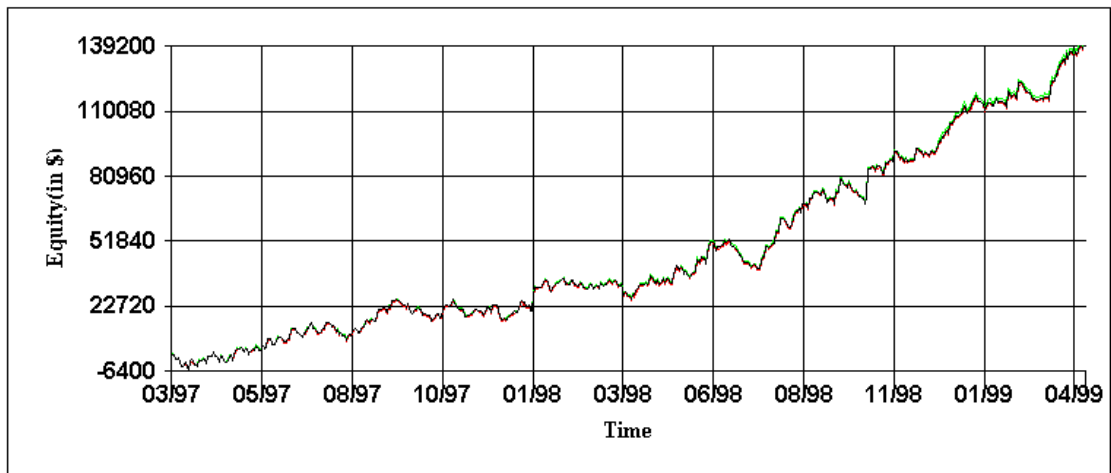
Equity Curves Hypothetical Testing Position Trading Mode

Portfolio Equity Chart by Bar
System Analysis



Day Trading Mode

Portfolio Equity Chart by Bar
System Analysis



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LEASE / PURCHASE AGREEMENT
Spectrum Portfolio Trading Method

The undersigned agrees to lease / purchase the Spectrum Portfolio Trading Method from Dr. John F. Clayburg subject to the following terms and conditions.

The purchaser understands that the data used to represent the performance of the system is hypothetical in nature. Purchaser has read and understands the disclaimers associated with the promotional material. Purchaser is aware that the system has less than 50% profitable trades and is subject to substantial drawdown and several consecutive losing trades as documented in the above-mentioned testing and descriptive literature.

Dr. Clayburg agrees to furnish, free of charge, system updates and upgrades, as and if they become available, for a period of one calendar year from the date of purchase. After one year has passed such upgrades will be available for a charge of \$200.00 per year.

The purchase is non - refundable. A fully functional 30-day demo version will be provided for a fee of \$100.00. If an individual feels he/she requires further time to evaluate the system, extensions of the trial period may be requested by calling the developer.

The system has been developed in total by Dr. Clayburg. Neither this agreement nor any representations contained herein are binding on his heirs.

The system computer code, being proprietary in nature, will not be disclosed. However, the operating theory will be revealed.

The system, while profitable in the past, is not in any way guaranteed to be profitable in the future. Past results are not indicative of future performance.

There are no implied warranties of any nature associated with this product.

Payment is by credit card only. In the instance of a lease agreement, purchaser/lessee agrees that his/her credit card will be charged the first of each month to renew the lease unless developer is notified of cancellation in writing at least 5 business days prior to the end of the month.

If a demo copy is ordered, purchaser/lessee agrees that the full monthly lease will be charged to his/her credit card at the end of the demo period unless developer is notified of cancellation in writing at least 5 business days prior to the end of the demonstration expiration.

By signing below purchaser/lessee acknowledges that he/she has read and understands the disclaimers included with the testing data and understands the concept of hypothetical testing and real time trading. Purchaser/lessee understands that past performance is not necessarily indicative of future results.

By signing below and ordering this product, purchaser/lessee agrees to all of the terms and conditions and expressly acknowledges all of the disclaimers herein above set forth.

PURCHASE PRICE: \$2,900.00. US Funds only.

LEASE PRICE: \$200.00 per month US Funds only.

Please Indicate: Full Purchase ☐ (\$2,900.00) 1 Month Lease ☐ \$(200.00)

Demo ☐ (\$100.00)

CREDIT CARD INFORMATION

Card: _____

Card Number: _____ EXPIRATION
____ / ____

Purchaser: (Please Print)

Signature: _____ Date:

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